

# BUSINESS CONDITIONS



## SEVENTH FEDERAL RESERVE DISTRICT

MAY 31, 1921

**G**ENERAL IMPROVEMENT IN THE FINANCIAL SITUATION POINTS TO A gradual stabilization of business conditions. Business is going through a process of "backing and filling" as a result of the effort to liquidate stocks purchased at higher prices, and to replenish at the new market level, lines of merchandise as they are exhausted.

One factor stimulating hope in the business mind is the utterance of W. P. G. Harding, Governor of the Federal Reserve Board, at the Foreign Trade Convention, expressing the belief that "we are now entering the final stage of the great post-war readjustment period," and that "the most of our problems are now behind us, from a banking standpoint." Continuing, Mr. Harding said: "The one great problem which still confronts the banker, and it is a problem which also concerns the producer and the distributor equally, is the question of how to thaw frozen credits, because, of necessity, after the great period of expansion that we have witnessed and the readjustment that has followed, many credits which were thought to be liquid have been frozen." His utterance that "now in the present situation where many institutions throughout the country find credits, formerly liquid, now in a frozen state, it seems important that something be done to start a movement," is stimulating renewed activity in the effort to break up the frozen credits and thus facilitate the thawing process.

### MONEY MARKET IMPROVEMENT STIMULATES HOPE

Improvement in foreign exchange is encouraging the hope of an increased movement of farm products, as well as manufacturing, to foreign countries, which will contribute to thawing out of many credits in the more strictly agricultural districts.

Loans and discounts and investments other than U. S. securities owned, reported by individual member banks in selected cities scattered over the Seventh Federal Reserve District, show results of the general liquidation in process since the peak in October. The

following figures are exclusive of bills rediscounted with the Federal Reserve and other banks.

	NUMBER OF BANKS	PER CENT CHANGE	
	Oct. 1920	April and May, 1921	Oct. 8 to May 11
(a) Chicago banks...	51	52	-1.0    +3.1
(b) Detroit banks....	13	13	-6.2    +0.8
(c) All other.....	44	48	-5.4    -0.8
Total.....	108	113	-2.8    +2.0

Borrowings of member banks from the Federal Reserve Bank show a marked decrease since the peak,

and also during the last month. Total borrowings on May 11 showed decrease of 33 per cent from the peak in October, and of 16 per cent from April 9. Chicago banks on that date showed decrease in borrowings of 53 per cent from the peak in October, and of 24 per cent from April 9, while Iowa banks showed decrease in borrowings of 31 per cent from the peak in December, and of 10 per cent from April 9.

As shown by the accompanying chart, the Federal Reserve Bank of Chicago shows a practically steady improvement since April 1 of this year. Total bills on hand show a sharp decrease since that time, while increase in total reserves and decrease in Federal Reserve notes in actual circulation reflect this change. Total deposits have been fairly steady, except for the decline on April 27. The reserve ratio indicates the generally improved conditions since April 1.

On March 18, a change was made in the method of computation of the reserve ratio, from which date Total Deposits were used instead of Net Deposits as previously. The result of computation by each

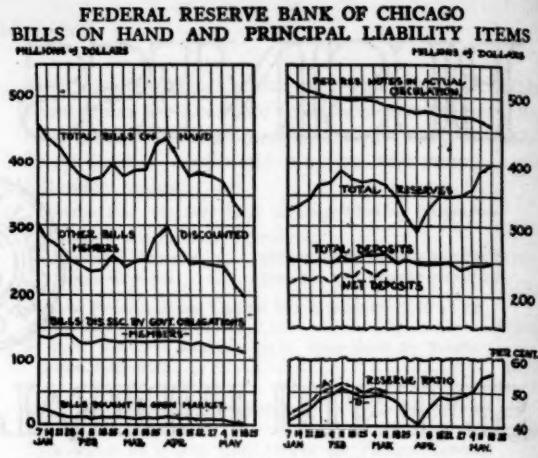
#### UNSEASONABLE WEATHER DELAYS FARM WORK

Farm work has been retarded in part of the Seventh Federal Reserve district by weather conditions. The unseasonable weather and especially the cold spell and frost has done considerable damage to fruit, especially that which blossoms early, although this damage is quite spotted, and consequently it is difficult to make anything like an accurate estimate as to its extent. There has been some abandonment of winter wheat acreage, but the crop, according to reports now available, although somewhat uneven in fields, is in good condition, the late frost not being much of a factor because of the hardiness of the plant. While the spring wheat acreage is not as large as last year, there is comparatively little of this class of wheat grown in the Seventh Federal Reserve District. Spring wheat is a factor, however, in our grain markets and banking activities. The farmer is exceedingly conservative in his purchase of goods, and buying in the farm communities is reported quite limited. Weather conditions—the rains rendering for a time the

#### DEMAND FOR ACCEPTANCES IN EVIDENCE

Reports from banks and dealers of the Seventh Federal Reserve District indicate a moderate demand for Bankers Acceptances. Some report that there is not sufficient volume of such bills to supply the demand. Some individual houses report increased demand, especially by correspondent banks; others by corporations and individuals who have funds for short time investments.

Reports received from three dealers and twenty-nine banks, including practically all accepting banks



method is shown in the chart; (A) gives the reserve ratio as actually computed to March 11, and (B) that based on the method of computation in use beginning March 18. These charts are based on the weekly statement figures, which, beginning April 27, are as of Wednesday instead of Friday.

#### ground too wet for plowing—together with the low price of farm products, have been a big factor in determining the farmer's mental attitude; hence the limited buying from that class, but with the advent of warm weather planting was speeded up and hope increased.

In the manufacturing centers, trade continues in a surprisingly good volume, in view of the general depression. This is especially noticeable in those cities where industries experienced a sharp slump around the end of the year but since have picked up in activities, even though considerably below last year's operations. There is considerable evidence—and this is borne out by the movement of merchandise in the centers—that funds accumulated during prosperous years are now being drawn upon and used; savings deposits in many instances show declines.

Collections are somewhat mixed. In some instances they are reported slow; in others fair, and the situation as regards collections seems to turn upon the ability of business men to liquidate their inventories.

#### in the district, show activities in Bankers Acceptances for April as follows:

	29 BANKS	3 DEALERS	TOTAL
Bills bought.....	\$11,624,000	\$11,784,000	\$23,408,000
Bills sold.....	9,104,000	9,285,000	18,389,000
Held at close of month.....	3,504,000	2,076,000	5,580,000
Amount accepted.....	19,416,000	.....	19,416,000
Purchase Rates:			
30 day maturity.....	5 3/4	5 3/4	5 3/4
60 day maturity.....	5 3/4	5 3/4	5 3/4
90 day maturity.....	6 1/2	6 1/2	6 1/2

About 60 per cent of the purchases were of 90 day maturity, and the balance equally divided between 30 and 60 day. About two-thirds of the purchases were based on transactions involving an importation or exportation of goods, according to reports of banks making such classification. Mentioned as predominating in the commodities against which bills were drawn are: meats, grain, canned goods, coffee, sugar, crude oil, and agricultural implements. Compared with March, banks show a fractional per cent decrease in bills bought, a decrease of 28 per cent in bills held at the close of month, a decrease of 18 per cent in bills sold, and an increase of 21 per cent in the amount of bills accepted. The three dealers who also reported for March, show an increase of 16 per cent in bills bought, a decrease of 32 per cent in bills sold, and an

increase of 2 per cent in bills held at the close of the month.

The Federal Reserve Bank of Chicago reflects the general increased demand for acceptances as is shown by the following figures:

DURING MONTH	PERCENTAGE CHANGE IN APRIL FROM MARCH		
	APRIL	MARCH	MARCH
<b>HELD AT THE CLOSE OF MONTH</b>			
Bankers' Acceptances Rediscounted.....	\$ 111,500	\$ 283,309	- 61
*Bills Bought.....	11,423,244	15,022,539	- 24
Bills Sold from Holdings.....	3,624,680	2,052,150	+ 76

DURING MONTH	PERCENTAGE CHANGE IN APRIL FROM MARCH		
	APRIL	MARCH	MARCH
<b>HELD AT THE CLOSE OF MONTH</b>			
Bankers' Acceptances Rediscounted.....	81,500	180,507	- 55
*Bills Bought.....	7,500,910	11,113,776	- 32

\*Included in Bills Bought, but not in Bills Sold, are those bought with agreement by the seller to repurchase within 15 days.

### COMMERCIAL PAPER MOVEMENT SLOWS UP SOME

Although most of the six reporting dealers showed a slight increase in sales of commercial paper over March, large decreases by some dealers brought the total sales for April down to a figure about 10 per cent less than March. April figures show somewhat smaller sales than those of a year ago. One dealer reports that while the country market has slackened somewhat,

some of the large city institutions have bought in a limited way; also that customers have shown a tendency to ease up on their borrowings. The rates for April ranged from 6 1/4 to 8 per cent, the prevailing being 7 3/4 per cent. The demand and supply continued about as in March, with the supply still greater than the demand.

### CLEARINGS MOVEMENTS SHOW DECREASE

Clearings movements, as indicated in the aggregate debits to individual accounts, show a decrease of about 4 per cent compared with the previous month, and a decrease of 23 per cent over a year ago.

The total debits as of May 11, 1921, reported by

206 banks in 24 leading clearing house centers, including Chicago, were \$838,983,000, a decrease of \$32,522,000 over the corresponding week of April, and a decrease of \$251,877,000 compared with the same period of last year.

### MOTOR INDUSTRY MAKING STRIDES TOWARD NORMALCY

The motor industry apparently is one of the first of the great manufacturing lines to rebound from the extreme depression of December. Detroit reports operations from 60 to 100 per cent, a condition which is enabling manufacturers who bought materials at high prices to work them up into the finished product. In this way they are permitted to liquidate their merchandise without such serious losses as seemed probable a few months ago. Prices of cars have been lowered again in several instances, this being made possible by the purchase of raw materials at lower prices. One of the prominent bankers in Detroit estimates that in another 30 to 60 days all high priced inventories will have been liquidated. At the same time the cost of labor is slowly coming down and efficiency increasing in cities like Detroit.

One outstanding feature in the motor industry, as in other lines of business, is that those who are show-

ing courage in the conduct of their business by forging ahead and manufacturing or using up high priced materials on hand and replenishing at lower costs are finding a ready market for their products, even though it be at reduced prices; while those who have adopted a more conservative policy of manufacturing are necessarily liquidating their inventories more slowly, and consequently are having more difficulty in working out of the condition in which they found themselves at the close of last year. For instance, some of the leading motor companies report production in excess of a year ago; this is in moderate or low priced cars. A factor from the dealer's standpoint is that there is a more limited market for used cars, due to unemployment and general depression. Accordingly, the dealer finds his capital tied up in these cars, and is unable to make further sales, involving trade, until he has liquidated such stock. Many of the steel contracts to motor companies contain adjustment clauses.

## AUTOMOBILE SHIPMENTS

Reports of shipments received from the factories producing three-quarters of the total volume in this country show 20,000 carloads shipped in April, 13,800 cars driven away on their own power and 1,134 boat shipments. Computing the driveaways in carload equivalents, the April shipping was 27 per cent greater than March and 71 per cent of April, 1920. Last year April decreased 23 per cent compared with March. While the railroads carried more automobile shipments in April this year than last year during car shortage and strikes, the difference in production is account-

ed for in the driveaways. The shipments compare as follows:

	CARLOADS		MACHINES DRIVEN AWAY		MACHINES SHIPPED BY BOAT	
	1920	1921	1920	1921	1920	1921
January....	25,057	6,485	29,283	3,185	....	93
February....	25,505	9,986	43,719	7,507	....	99
March.....	29,326	16,378	57,273	9,778	....	74
April.....	17,147	20,000*	64,634	13,800*	....	1,134

\*Partly estimated.

## GENERAL MANUFACTURING MARKING TIME

General manufacturing shows little change in the past thirty days, the disposition of manufacturers being to operate on a hand to mouth basis, buying only what is necessary of materials to fill outstanding orders. There is a reduction in wages in some instances, with a more noticeable efficiency per man.

Large concerns in the agricultural implement business report that farmers are buying very sparingly, and in fact seem to be purchasing only parts which need replacing. One of the large implement manufacturers has closed down practically all of its plants. Another is operating on a very much curtailed schedule, about 35 per cent of last year. Nearly all implement manufacturers have a sufficient stock of finished product on hand to meet the ordinary demand for some months to come; this resulting from the type of industry, in which manufacturing is much in advance of the selling season. One class of farm machinery that has not been produced in excess of immediate requirements is the threshing machine.

The curtailed agricultural implement demand, together with the slowness in building, is also a factor

in the hardware situation. The demand for hardware is only about 75 to 80 per cent of what it was during corresponding period last year. Prices on hardware are downward.

The steel situation presents a rather mixed tendency. Independent steel companies are operating on a very much curtailed basis, if at all. Corporation mills, however, are doing a little better than this. There has been a gradual improvement reported during the last few weeks, but impediments to a more extensive progress are many and weighty. The condition of the railroads is a factor in this situation, since the transportation companies are buying little beyond pressing necessities.

Manufacturers report the wholesale watch and jewelry business as dull. The retailers are trying to reduce inventories, and are selling more goods than they are buying; accordingly, the retail jewelry business shows a more favorable comparison with last year than does the wholesale. A marked increase in foreign demand for watches is particularly noted.

## DEMAND FOR STOCKS OF RAW LEATHER INCREASES

There has been a slight reduction in stocks of manufactured leather, with a more active demand for raw stocks. An advance of 15 to 25 per cent in the price of raw stocks of domestic hides and skins during the last thirty days is noted. It is estimated that 20 per cent of skilled labor and about 30 per cent of unskilled labor in the tanning industry is now unemployed. This number is decreasing, owing to men leaving the industrial centers for the country. The reduction in wages is estimated at an average of about 25 per cent

with some adjustment still to be gone through with. There has been an increase in the production per man to an efficiency estimated at about 85 per cent of the pre-war level. Some tanners are talking of higher prices for belting leather. April orders show a gain over March in most lines of leather. The leather industry is dependent upon a more normal demand from shoe manufacturers to put it on a profitable operating basis.

## COAL BUSINESS IN THE DOLDRUMS

Coal production in the bituminous fields continues at a very low ebb, with a noticeable disposition on the part of buyers to hold aloof in the matter of renewing contracts. The difference between the contract and spot prices now in effect is regarded as too expensive

a form of insurance for the consumer to buy for his protection of this year's stock of coal. Coal stocks, however, are very low, and industrial plants are drawing further on their reserve before making purchases.

## PACKING INDUSTRY SHOWS SOME IMPROVEMENT

Business in the packing industry in April showed some improvement, one feature being signs of a revival of buying for export account. Both meats and fats figured in the April export business for England and the Continent. Stocks of meat of which some foreign governments have had large quantities are now being

consumed rapidly, and this will strengthen the European demand for replenishment.

Production of packing house products has continued on a greatly curtailed scale, which has increased proportionate operating expenses. The demand for both beef and pork continues to reflect strength.

### FEEDERS OF LIVE STOCK FACE LOSSES

Conditions in the live stock market reflect the discouraging effect of the sharp decline in prices in the maladjustment of markets and industry. Farmers who withheld corn from the market for feeding purposes have been confronted with the necessity of selling their hogs at a price showing a substantial loss. Few farmers have been able to break even on the feeding of corn raised by them to hogs during the last year. This is due to labor and other costs which have not been readjusted.

Feeders who have had their cattle six months apparently are facing a loss. Many of them are holding off from marketing their live stock in the hopes of im-

provement in prices. The sheep growers have had an excellent lamb crop, but there is little demand for wool; in fact, many farmers are holding the wool of last year's crop—consequently, liquidation in the live stock business is very slow.

Live stock receipts at the principal markets for April show increases in calves, sheep and lambs, and hogs and a decrease in cattle. Receipts of live stock at the principal markets during April, and during the first four months of 1921, compared with the corresponding periods of the previous year, show the following changes:

1921	CATTLE	CALVES	SHEEP AND LAMBS	HOGS
April.....	3% decrease	1% increase	16% increase	12% increase
First four months .....	12% decrease	2% decrease	15% increase	4% decrease

Receipts of hogs at the six principal markets during April, 1921, aggregated 1,422,909 head, against 1,270,871 in April, 1920.

YEAR	CATTLE HEAD	CALVES HEAD	SHEEP HEAD	HOGS HEAD
1921.....	217,352	75,471	376,114	570,248
1920.....	226,077	76,076	226,343	526,864
Decrease.....	8,725	605	*149,771	*43,384

The average price in April for choice and common cattle was 36 per cent below the corresponding month of last year; sheep, 53 per cent; lambs, 47 per cent; and hogs, 40 per cent. Comparing the average price with the first four months of the corresponding period

of last year—choice cattle, 37 per cent less; common cattle, 35 per cent less; sheep, 57 per cent less; lambs, 49 per cent less; and hogs, 37 per cent less.

The average prices compared as follows per hundredweight:

	CATTLE CHOICE	CATTLE COMMON	SHEEP	LAMBS	HOGS
April, 1921.....	\$ 9.50	\$ 8.13	\$ 6.61	\$ 9.77	\$ 8.50
April, 1920.....	14.85	12.65	14.16	18.57	14.30
Four months—1921.....	10.34	8.54	5.61	9.82	9.39
Four months—1920.....	16.50	13.19	13.08	19.17	14.75

Cash lard in April, 1921, ranged from \$9.35 to \$10.75 cwt. compared with \$19.80 to \$21.10 in April, 1920.  
 Cash ribs in April, 1921, ranged from \$8.75 to \$10.75 cwt. compared with \$17.50 to \$18.75 in April, 1920.

### WORLD TURNING TO AMERICA FOR FLOUR

With world conditions indicating that Europe will be largely dependent on our crops, and hence will be nearly as heavy a buyer of our grains as last year; the farmer is finding a basis of hope on the promise of a large yield of winter wheat; the yield is estimated as greater than for any year since 1915, with the exception of the record yield of 1919. The wheat crop has

shown considerable improvement in the last month, and exports of the old crop continue in a fair volume.

Flour is commanding a higher price owing to an advance in wheat, but necessarily such price tendency seems to act as an automatic check on sales to foreign countries. The domestic buying of wheat recently seems to be chiefly for immediate requirements only.

## INCREASE IN RAILROAD CAR LOADINGS

During the week ending April 30, more cars of revenue freight were loaded at terminals throughout the United States than at any time during the present year; the total being 721,997 compared with 598,905 cars loaded during the first week of the year. During the entire month of April 3,490,768 cars were loaded, a total larger than that of any previous month of this year.

The freight car surplus is gradually declining. Reports from the American Railway Bureau show 482,352 cars idle on April 30, compared with a high point of 507,427 on April 8. The recent demand for coal cars throughout the country is largely responsible for this decrease. Freight car loadings in the Middle West continue to increase in coal, live stock, grain and grain products.

## MERCHANTS BUYING DRY GOODS AND TEXTILES CAUTIOUSLY

The disposition on the part of merchants to purchase on a hand to mouth basis is noticeable in the reports from the textile industry, although the total volume of buying compares favorably with a year ago. The mills in this district are increasing their working forces, but in most instances are still operating their plants below full time. Piece goods conditions are improved and the reports indicate that the clothiers are counting on a fair fall business. There has been a noticeable demand for men's wear yarns. The

hosiery situation is much better, especially with respect to women's silk hosiery, the retailers stocks of which are depleted.

Wholesale dry goods concerns report indications that retailers have concluded that prices are at a reasonable level. Department Stores and Ladies Wear Houses are doing a fair volume of business in the Middle West, but are buying cautiously. Furs and jewelry are moving slowly, while mail orders for this class of goods are increasing.

## WHOLESALE TRADE SHOWS DECLINE

The report of April trade submitted by 56 representative wholesale and jobbing houses in five staple lines indicate further slowing down of mercantile business. Net sales show larger percentages of declines from last year than were reported for March except for dry goods, where fractional improvement appears; and for shoes, where a favorable change of 7 per cent is shown. Grocery houses report a heavy decline from April, 1920, and the clothing and tailoring industries reflect a non-buying attitude. In cases where opinion as to price trend was given, most of the replies indicated stability except in groceries, where a large proportion reported a downward tendency.

Cancellations of orders are mentioned by only two houses, most replies classifying these as negligible.

Following is a tabulation of the April replies to the regular wholesale trade questionnaire:

CLASSIFI- CATION	NO.	DECREASE NET SALES REPORTING		PRICE TREND		
		APRIL, 1921	BUYING APRIL, 1920 CAUTIOUS	UP	DOWN	STA- BLE NO. REPLY
Dry Goods	12	35.3	75%	..	1	6
Shoes....	10	24.8	50%	..	2	3
Clothing..	4	59.0	75%	..	..	1
Groceries..	26	42.8	88%	1	17	5
Tailoring..	4	45.5	100%	..	1	3

## RETAIL TRADE ABOUT STEADY

April returns from our regular retail trade questionnaire show slight changes from corresponding returns for March. A smaller percentage of decrease in net sales is shown compared with the corresponding months last year. Liquidation of inventories is being carried on, indicated by comparison of changes from the preceding month and year. Ratio of average stocks to sales from the first of the year is 385.4 per cent for April, compared with 387.6 per cent for March, giving a turnover rate of 3.1 in each case.

For purposes of comparison, only those stores reporting both for March and for April are tabulated:

	APRIL	MARCH
Number of stores .....	28	28
Change in Net Sales 1921 from same month, 1920.....	-4.0%	-6.9%

	APRIL	MARCH
Change in Net Sales since January, 1921 from same period—1920 .....	-4.5%	-4.7%
Change in Stocks 1921 from same month, 1920.....	-19.3%	-13.0%
Change in Stocks from preceding month, 1921.....	-0.7%	+3.3%
Ratio of Stocks to Net Sales for period from January, 1921.....	385.4%	387.6%
Ratio of Outstanding Orders at close of month, 1921, to total purchases year 1920.....	5.0%	4.2%

The change in the general mail order business in the last month has been small. April sales for the Seventh Federal Reserve District showed a decrease over sales for April of last year, but increased buying was noted during the first half of April, 1921. This, however,

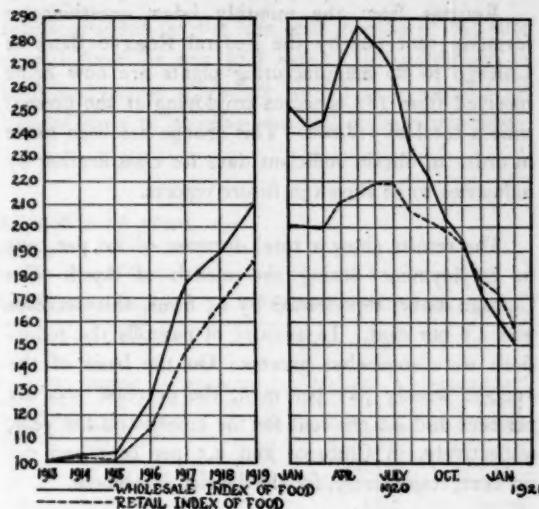
appears to have been spasmodic, and purchases since then have fallen off. The farmers and those in the smaller towns seem to be using their credit at the local store, instead of buying for cash at mail order houses. The general price tendency reported by mail order houses has been downward, but the change is small.

The accompanying chart shows the changes in wholesale and retail food prices since 1913. Using that year as a base, index numbers as compiled by the Bureau of Labor are given. The retail index is based on 22 food articles, weighted according to importance in consumption, from January, 1913, to December, 1920, since which time 43 were used.

The wholesale index is shown to have dropped 135 points from the peak, in May, 1920, to February, 1921, while the retail index shows a drop of only 60 points from the peak, in July, 1920. However, the wholesale price index reached a peak 66 points above that of the retail index.

It should be clearly borne in mind that these charts give merely an index of prices with respect to 1913 as a base, resulting in the wholesale price index at times being higher than that of the retail index.

#### RELATIVE CHANGE OF RETAIL AND WHOLESALE INDEX PRICE



#### CLOTHING MANUFACTURING SLOWS UP SOME

Replies received from twenty-eight representative concerns indicate the condition of the clothing industry. The firms are classed into: Wholesale Clothing, Tailors to the Trade, and Cut-Trim-Make Industry. Orders for suits show much decline from corresponding periods last year, and about the same percentage of decrease in number of suits made and shipped. A summary of the replies to the April questionnaire is given in the following table:

##### WHOLESALE CLOTHING

No. of firms reporting	9
I. Orders for suits for fall as compared with (a) Same season previous year.....	-34.0%
II. Orders on present shipping season cancelled to date..	8.4%
III. No. of suits made as compared with (a) Same month a year ago.....	-30.8%
IV. No. of suits shipped as compared with (a) Same month a year ago.....	-27.4%

##### TAILORS TO THE TRADE

No. of firms reporting	12
I. Orders for suits as compared with	
(a) Previous month.....	-23.8%
(b) Same month a year ago.....	-42.0%*
II. Orders cancelled during season.....	
III. No. of suits made as compared with	
(a) Previous month.....	-20.2%
(b) Same month a year ago.....	-40.8%
IV. No. of suits shipped as compared with	
(a) Previous month.....	-21.3%
(b) Same month a year ago.....	-47.5%

##### CUT-TRIM-MAKE INDUSTRY

No. of firms reporting	7
I. Orders for suits as compared with	
(a) Previous month.....	-9.0%
(b) Same month a year ago.....	-32.8%*
II. Orders cancelled during season.....	
III. No. of suits made as compared with	
(a) Previous month.....	-11.5%
(b) Same month a year ago.....	-43.5%
IV. No. of suits shipped as compared with	
(a) Previous month.....	-11.5%
(b) Same month a year ago.....	-43.5%

\* Negligible

#### DEMAND FOR FURNITURE IS INCREASING

Returns from forty-two factories in Chicago indicate changes in the furniture industry during the past month. Eighteen factories report no improvement; sixteen, less than 20 per cent; eight, over 20 per cent. Finished products, however, are moving faster through retail than formerly, largely on account of seasonal demands, according to twenty-two of the replies. The shortage of housing is reported to have had an exceedingly bad effect on the retail furniture trade. Inventories are reported by twenty factories to have remained stationary; eight factories show a reduction of 10 to 20 per cent in partly finished goods; ten factories show a reduction of 10 to 20 per cent in finished goods; four

factories show increased inventories. Twenty-six factories report improvement in collections.

Operations for the latter part of April and the early part of May are reported in percentage of capacity ranging from 15 per cent by two factories, to 100 per cent by four factories. Operations of 60 per cent capacity were reported by fourteen, this being the largest group.

Ample supply of labor, especially of common labor, is reported. About half of the firms report that mechanics are drifting from one line of industry to another, and half find this not to be the case.

## INDUSTRIAL EMPLOYMENT CONDITIONS

Returns from the monthly labor questionnaire formerly sent out by the Federal Reserve Bank of Chicago to 80 manufacturing plants are now being received from 183 concerns employing at the present time a total of 118,000. This change has been made in order to obtain sufficient data for classification by industries to be shown in future reports.

The results show a total decrease of 2.0 per cent in employment during the month of April. For Chicago alone, represented by 65 firms, this decrease was 4.1 per cent. In amount of payrolls the reductions were somewhat greater. On the basis of the average weekly pay per man, the decrease was 2.1 per cent and 4.0 per cent for the month and the year, respectively, in Chicago; and 2.5 per cent and 7.5 per cent, respectively, for the district as a whole.

	CHICAGO	DISTRICT
Number employed as compared with		
(a) the preceding month.....	4.1% decrease	2.0% decrease
(b) the same month a year ago.....	21.6% decrease	31.5% decrease
Amount of payroll as compared with		
(a) the preceding month.....	6.2% decrease	4.4% decrease
(b) the same month a year ago.....	24.8% decrease	36.6% decrease
Percentage of capacity of plant operating		
(a) April, 1921.....	56%	54%
(b) March, 1921.....	61%	55%
(c) April, 1920.....	80%	88%

For comparison with reports from firms included before the expansion in the reporting list mentioned above, 72 firms reporting this month employed 64,047 men, and show decreases of 2.6 per cent and 31.0 per cent in number of employees as compared with March, 1921, and April, 1920, respectively; and of 1.9 per cent and 33.4 per cent, respectively, in payrolls.

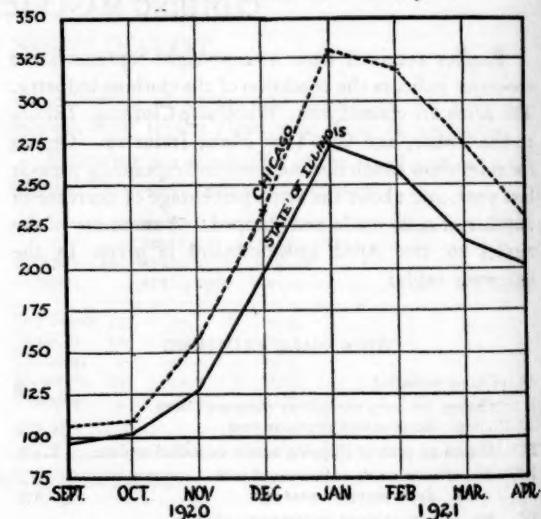
Conditions as reported by the Free Employment Offices of the State of Illinois are more encouraging.

These reports show a decrease in the surplus of labor, as indicated by the number of persons registered for each 100 places open. This ratio has improved steadily. During the last month it fell from 275 to 232 for Chicago; from 216 to 204 for the State.

In Detroit there has been a slight recession in employment figures. On May 10, 118,497 were employed as against 100,347 on April 12. On May 17, the number employed had receded to 116,721.

The accompanying chart gives an indication of employment conditions since September, 1920, based on the number of registrations for each 100 jobs open in Illinois and in Chicago, alone. Statistics were obtained from the Illinois Free Employment Bureau. A rapid rise is shown up to January, when a decrease set in, which has continued to date.

TREND OF REGISTRATION FOR JOBS



## BUSINESS MORTALITY BY FEDERAL RESERVE DISTRICTS

The tabulation of business mortality shows 178 defaults during April in the Seventh Federal Reserve District, compared with 138 in March and 39 in April of last year. The total defaults for the country is 1,487, compared with 1,336 in March and 504 in April of last year. The total liabilities involved in these defaults for the Seventh Federal Reserve District in April was \$3,949,115.00, compared with \$3,438,805.00 in March and \$4,551,640.00 in April, 1920; and, for the country, \$38,567,769.00 in April, \$67,408,909.00 in

March and \$13,224,135.00 in April of last year. Dun's comparative figures for the month of April follow:

DISTRICT	NUMBER		LIABILITIES	
	1921	1920	1921	1920
First.....	145	51	\$ 1,746,699	\$ 982,320
Second.....	229	117	10,471,232	2,865,153
Third.....	104	24	2,227,631	278,334
Fourth.....	118	36	4,366,788	352,946
Fifth.....	154	14	3,334,591	88,450
Sixth.....	136	36	1,997,350	361,833
Seventh.....	178	39	3,949,115	4,551,640
Eighth.....	115	14	2,427,872	200,207
Ninth.....	39	16	593,718	681,330
Tenth.....	50	32	1,966,778	628,450
Eleventh.....	98	16	2,905,847	100,582
Twelfth.....	121	109	2,580,148	2,132,890
	1,487	504	\$38,567,769	\$13,224,135

## BUILDING CONTRACTS AWARDED AND CONTEMPLATED PROJECTS

Contracts awarded in the Chicago District, including some territory outside of the Seventh Federal Reserve District, show an 8 per cent increase in number of projects over last month, with an increase in valuation of 55 per cent. The money valuation on con-

tracts awarded for the first four months of the year show largest for any year except 1920, although in such comparison allowance should be made for increased costs of building material and construction.

### BUILDING STATISTICS FOR THE MONTH OF APRIL, 1921

#### CHICAGO DISTRICT

(Illinois, Indiana, Iowa, Wisconsin, Michigan, Missouri and portions of Eastern Kansas and Nebraska.)

#### CONTEMPLATED PROJECTS CONTRACTS AWARDED

	NO. OF PROJECTS	VALUATION	NO. OF PROJECTS	NEW FLOOR SPACE (SQ. FT.)	VALUATION
Business Buildings.....	318	\$10,948,900	202	1,432,100	\$11,471,100
Educational Buildings.....	120	7,688,300	91	1,637,500	10,821,400
Hospitals and Institutions.....	34	4,739,500	17	262,500	1,698,500
Industrial Buildings.....	131	10,200,600	82	1,437,600	4,839,500
Military and Naval Buildings.....	8	358,000	3	3,800	40,000
Public Buildings.....	29	761,500	17	114,400	1,010,100
Public Works and Public Utilities.....	432	45,716,600	309	.....	19,474,400
Religious and Memorial Buildings.....	54	2,730,200	35	222,200	1,460,500
Residential Buildings.....	(a) 1,406	31,749,800	(b) 967	3,814,000	17,266,000
Social and Recreational Buildings.....	84	13,544,000	46	1,068,100	7,014,500
TOTAL.....	2,616	\$128,437,400	1,769	.....	\$75,096,000

#### CONTRACTS AWARDED

January 1 to May 1

1921.....	\$192,023,000	1917.....	\$177,340,000	1913.....	\$59,492,000
1920.....	304,327,000	1916.....	113,366,000	1912.....	35,842,000
1919.....	190,504,000	1915.....	65,582,000	1911.....	60,894,000
1918.....	96,557,000	1914.....	61,821,000	1910.....	67,295,000

(a) 2,076 Buildings.

(b) 1,449 Buildings.

Building Statistics compiled by F. W. Dodge Company

## BUILDING PERMITS SHOW SMALL DECREASE

Building permits in cities of the Seventh Federal Reserve District during April show a 4 per cent decrease in number of permits from April, 1920, and a 16 per cent decrease in estimated cost. A similar comparison for March with last year showed an increase of 18 per cent in number of permits, and a decrease of 20 per cent in estimated cost. Chicago shows about the same number of permits as in April of last year, but an increase in estimated cost of 67 per cent.

Building permits issued by cities in the Seventh Federal Reserve District compare as follows:

ILLINOIS	APRIL, 1921		APRIL, 1920		PER CENT COST GAIN LOSS
	No. of Permits	Esti- mated Cost	No. of Permits	Esti- mated Cost	
	Gain	Loss	Gain	Loss	
Aurora.....	29	\$ 56,235	32	\$ 54,454	3 ..
Chicago....	533	15,198,900	521	9,060,500	67 ..
Decatur....	117	200,175	95	361,050	.. 44
Evanston....	64	177,150	64	226,464	.. 22
Peoria.....	114	173,318	69	189,900	.. 9
Rockford....	166	166,070	218	265,820	.. 37
Springfield..	106	142,550	115	90,445	58 ..
Total.....	1,129	16,114,398	1,114	10,248,633	57 ..

INDIANA	APRIL, 1921			APRIL, 1920		
	No. of Permits	Esti- mated Cost	No. of Permits	Esti- mated Cost	PER CENT COST GAIN LOSS	
Fort Wayne	179	275,802	136	351,871	.. 22	
Gary.....	144	600,900	66	405,207	48 ..	
Hammond....	81	222,725	61	651,050	.. 66	
Indianapolis	1,063	1,527,647	808	1,798,812	.. 15	
Richmond....	45	26,900	29	92,075	.. 71	
South Bend....	372	320,883	279	430,122	.. 25	
Terre Haute	142	155,640	97	83,998	84 ..	
Total.....	2,026	3,130,497	1,476	3,813,135	.. 18	

IOWA	APRIL, 1921			APRIL, 1920		
	No. of Permits	Esti- mated Cost	No. of Permits	Esti- mated Cost	PER CENT COST GAIN LOSS	
Cedar Rapids	169	\$147,940	133	\$384,000	.. 61	
Davenport....	105	101,950	133	218,523	.. 53	
Des Moines....	139	302,760	144	764,235	.. 60	
Dubuque....	32	28,968	63	195,803	.. 85	
Mason City	102	58,750	106	70,189	.. 16	
Sioux City....	184	240,410	223	546,900	.. 56	
Total.....	731	880,778	802	2,179,650	.. 60	

	APRIL, 1921		APRIL, 1920		PER CENT COST GAIN LOSS		
	No. of Permits	Esti- mated Cost	No. of Permits	Esti- mated Cost			
<b>MICHIGAN</b>							
Battle Creek	117	63,595	115	59,000	8	..	
Bay City....	255	133,712	105	72,450	..	81	
Detroit....	2,069	5,544,751	2,867	12,397,535	..	55	
Flint....	402	229,294	635	2,037,430	..	89	
Grand Rapids	351	444,859	354	552,403	..	19	
Jackson....	88	171,948	124	172,215	..	1	
Kalamazoo....	103	119,253	114	370,750	..	68	
Lansing....	201	563,603	229	270,967	108	..	
Pontiac....	84	235,546	..	..	..		
Saginaw....	335	879,382	371	580,648	51	..	
Total....	4,005	8,385,943	4,914	17,163,398	..	51	
<b>WISCONSIN</b>							
Kenosha....	113	1,179,332	166	308,884	282	..	
Madison....	88	112,009	69	233,700	..	52	
Milwaukee....	832	2,026,100	656	3,313,795	..	39	
Racine....	104	240,730	166	426,839	..	44	
Sheboygan....	117	58,315	146	516,100	..	89	
Total....	1,254	\$3,616,486	1,203	\$4,799,318	..	25	
Grand Total.	9,145	\$32,128,102	9,509	\$38,204,134	..	16	

Prospects of an early resumption of building construction in Chicago on a broad scale brightened with the agreement between the building trades and the building construction employers to submit the controversy regarding wages and the working conditions to a conference board composed of employers and trades unions engaged in the building line. The decision of the committee is to be submitted to the unions affiliated with the building trades council for ratification by the individual organizations.

Building construction on a small scale, mostly residential, is proceeding in Chicago, and the wrecking of buildings to be replaced by larger ones, is also in progress. Big constructions, however, are at a standstill, while plans are being held in abeyance, pending the settlement of the labor controversy.

#### MOVEMENT OF COMMODITIES AT CHICAGO

The principal changes in the movement of commodities at Chicago in April compared with the same month of last year are noted in corn and oats, in which shipments this year considerably exceeded receipts, whereas, last year receipts exceeded shipments. In receipts of fresh meats, an increase of about 24 million

pounds is shown, with a slightly less increase in shipments. Lard shipments for April this year were very much larger than last. Hide and wool shipments were largely in excess of receipts. The details of the commodities receipts and shipments follow in thousands of units:

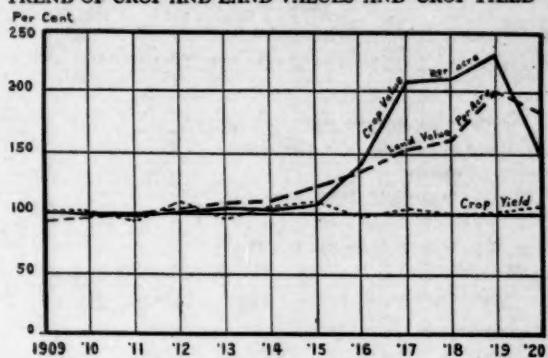
	RECEIPTS				SHIPMENTS				
	APRIL		MARCH		APRIL		MARCH		
	1921	1920	1921	1920	1921	1920	1921	1920	
Flour.....	Barrels.....	962	323	1,142	785	747	218	688	686
Wheat.....	Bushels.....	1,311	769	2,218	977	1,639	1,080	1,484	1,375
Corn.....	Bushels.....	4,863	2,264	15,743	8,449	6,469	739	10,716	2,804
Oats.....	Bushels.....	4,269	2,691	6,089	5,568	5,192	1,740	5,488	4,679
Rye.....	Bushels.....	123	222	218	829	131	951	172	901
Barley.....	Bushels.....	595	527	828	959	329	286	399	269
Cured Meats.....	Pounds.....	3,483	2,108	3,942	6,461	78,150	23,922	92,176	106,701
Fresh Meats.....	Pounds.....	55,311	31,382	73,055	71,844	125,554	105,054	142,512	203,092
Lard.....	Pounds.....	8,500	4,823	10,871	9,188	41,766	10,249	59,488	46,469
Cheese.....	Pounds.....	14,560	8,620	14,693	13,822	10,661	3,438	11,068	21,040
Butter.....	Pounds.....	21,794	18,994	20,445	20,638	19,826	10,899	21,204	26,371
Eggs.....	Cases.....	1,118	858	815	460	351	205	349	267
Potatoes.....	Bushels.....	930	741	1,270	1,098	328	193	452	378
Hides.....	Pounds.....	8,555	7,484	9,005	15,040	17,773	7,219	23,433	13,789
Wool.....	Pounds.....	1,445	575	1,145	1,047	10,214	1,617	13,723	2,371
Lumber.....	Thousand feet .....	177	124	169	284	78	51	73	122

## STUDY OF FEATURES OF AGRICULTURAL PRODUCTION AND PRICES

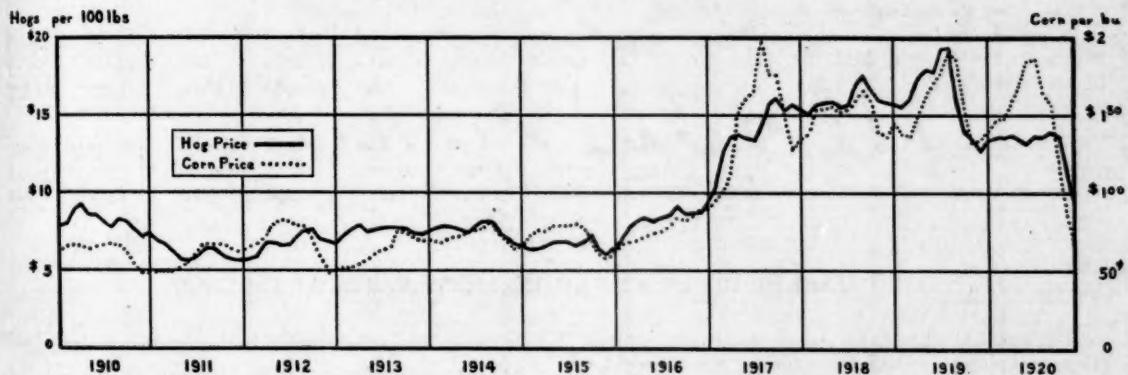
In the accompanying charts, analysis of conditions as affecting related farm products for ten years or more is given, and comparison with present conditions may be made.

The relation between crop yield, crop value and land value is shown by index numbers based on a five year average from 1909 to 1913. The yield has been practically constant, but crop value per acre shows increase from 1915 to 1919, after which the decline set in, and is closely followed by land values. Land values are approximately values at the close of the year.

TREND OF CROP AND LAND VALUES AND CROP YIELD



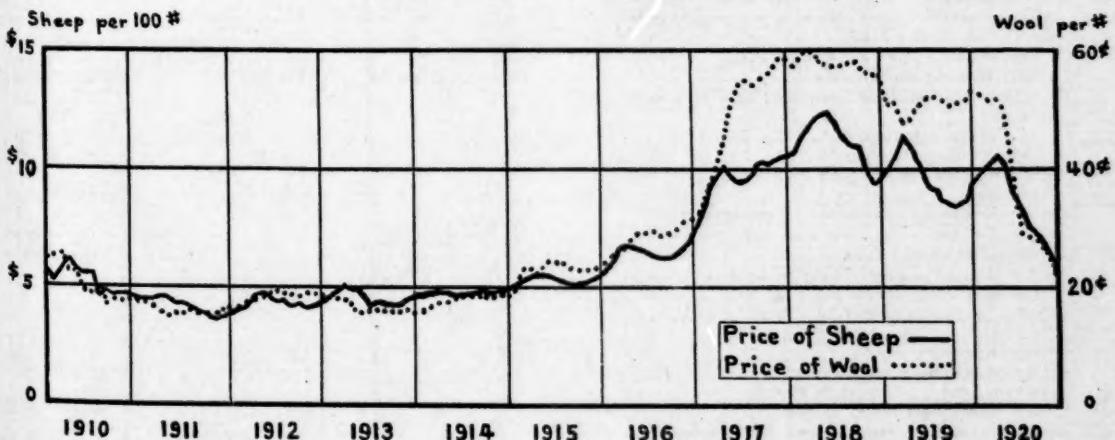
COMPARATIVE PRICES OF HOGS AND CORN



The chart showing farm prices of hogs and corn indicates the close relation between the two that has prevailed since 1910. These prices are the estimated

average to the producer, and do not show extreme or temporary quotations. Data are taken from reports published by the Bureau of Crop Estimates.

COMPARATIVE PRICES OF SHEEP AND WOOL



In the same way, the chart giving average prices to the producer of sheep and wool since 1910 shows close relationship except that, in the past four years, wool prices have been considerably higher relative to

sheep prices than normally, but at the close of 1920 the relationship was restored. Data are from the Monthly Crop Reporter.

**SELECTED MEMBER BANK STATISTICS SEVENTH DISTRICT**

(ooo's Omitted)

	CHICAGO			DETROIT			OTHER SELECTED CITIES		
	MAY 11, 1921	APR. 8, 1921	JAN. 7, 1921	MAY 11, 1921	APR. 8, 1921	JAN. 7, 1921	MAY 11, 1921	APR. 8, 1921	JAN. 7, 1921
Number of Banks reporting.....	52	52	52	13	13	13	48	48	50
<b>Loans and Discounts (exclusive of re-discounts)</b>									
(a) Secured by U. S. Govt. obligations.....	\$ 51,871	\$ 56,380	\$ 51,885	\$ 6,374	\$ 5,990	\$ 5,171	\$ 11,884	\$ 12,200	\$ 12,123
(b) Secured by Stocks and Bonds other than U. S. Bonds.....	329,176	306,478	327,504	61,218	61,130	64,311	59,279	58,700	58,585
(c) All other.....	742,642	719,359	720,221	155,869	154,280	179,015	245,447	246,931	259,876
<b>Investments:</b>									
(a) U. S. Bonds.....	20,076	19,812	18,575	21,672	21,853	26,836	31,102	35,213	35,780
(b) U. S. Victory Notes.....	13,048	13,010	12,941	16,098	15,995	14,927	4,538	5,974	5,946
(c) U. S. Certificates of Indebtedness.....	10,115	9,551	7,981	7,519	10,343	11,437	7,401	7,468	5,908
(d) Other Bonds, Stocks and Securities.....	140,993	143,963	134,323	155,602	154,596	146,468	47,483	49,164	45,448
Reserve Balances with F. R. Bank.....	130,012	125,199	129,804	22,251	24,707	29,288	27,606	25,527	30,912
Cash in Vault.....	32,743	31,263	39,618	8,725	9,236	9,487	15,110	13,972	16,337
<b>Deposits:</b>									
Net Demand.....	920,049	876,117	924,722	170,751	159,047	171,258	218,376	214,644	225,887
Time.....	313,586	314,370	308,232	211,901	212,947	225,033	129,124	129,107	130,344
Government.....	10,216	12,445	4,787	1,938	4,845	2,840	5,036	1,417	1,888

**OPEN MARKET DISCOUNT AND INTEREST RATES AT CHICAGO**

The open market range of discount and interest rates prevailing in Chicago, during the thirty-day period ending May 15, 1921, together with a compari-

son of rates during the thirty-day periods ending April 15, 1921, and May 15, 1920, follows:

	MAY, 1921			APRIL, 1921			MAY, 1920		
	HIGH	LOW	CUSTOM- ARY	HIGH	LOW	CUSTOM- ARY	HIGH	LOW	CUSTOM- ARY
1. Rates of discount charged by banks to customers for prime commercial paper such as is now eligible under the Federal Reserve Act:									
(a) Running 30, 60 and 90 days.....	7	6 1/2	6 1/2 @ 7	7	6 1/2	7	7	6	6 1/2 @ 7
(b) Running 4 to 6 months.....	7	6	6 1/2 @ 7	7	6 1/2	7	7	6	6 1/2 @ 7
2. Rates for prime commercial paper purchased in the open market:									
(a) Running 30 to 90 days.....	7 1/2	7 1/2	7 1/2	..	..	..	7 1/2	7	7 1/2
(b) Running 4 to 6 months.....	..	..	..	..	..	..	7 1/2	7	7 1/2
3. Rates charged on loans to other banks—secured by bills payable.....	9	6 1/2	7	9	7	7	7	6 1/2	6 1/2 @ 7
4. Rates for bankers acceptances of 60 to 90 days maturities:									
(a) Endorsed.....	..	..	..	..	..	..	6 1/2	5 1/2	5 1/2 @ 6 1/2
(b) Unendorsed.....	..	..	..	..	..	..	6 1/2	5 1/2	5 1/2 @ 6 1/2
5. Rates for demand paper secured by prime stock exchange collateral or other current collateral.....	7	6	7	7	6 1/2	7	7	6 1/2	7
6. Rates for time paper secured by collateral mentioned in Number 5:									
(a) Running 3 months.....	7	6 1/2	7	7	6 1/2	7	7	6 1/2	7
(b) Running 3 to 6 months.....	7	6 1/2	7	7	6 1/2	7	7	6 1/2	7
7. Rates (when paper is current in city) for:									
(a) Cattle loans.....	7	7	7	7	7	7	7	6 1/2	7
(b) Commodity paper secured by warehouse receipts, etc.....	7	7	7	7	6 1/2	7	7	6 1/2	7
8. Rates for ordinary commercial loans running 30, 60 and 90 days, (not including loans to enable purchase of bonds) secured by:									
(a) Liberty bonds.....	7	6 1/2	6 1/2 @ 7	7	6 1/2	6 1/2 @ 7	7	6 1/2	6 1/2 @ 7
(b) Certificates of indebtedness.....	7	6 1/2	6 1/2 @ 7	7	5	6 1/2 @ 7	6	6	6 1/2 @ 7